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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,)	Criminal Case No. _____
)	
Plaintiff,)	I N F O R M A T I O N
)	
v.)	Title 18, U.S.C., Sec. 371 -
)	Conspiracy to Commit Bank Fraud,
)	in violation of 18, U.S.C., Sec.
ILSE CAPPEL,)	1344.
)	
Defendant.)	
_____)	

The United States Attorney charges:

COUNT ONE

(18 U.S.C. § 371, 1344 - Conspiracy to Commit Bank Fraud)

A. Introductory Allegations:

1. Peregrine Systems, Inc. [hereafter, "Peregrine"] is a computer software company headquartered in San Diego, California. Between 1997 and 2002 Peregrine's stock was publicly traded on the NASDAQ stock market.

2. Following its initial public offering in April 1997, Peregrine reported 17 consecutive quarters of revenue growth through and including the quarter ending June 30, 2001. During this period,

1 Peregrine's reported financial results always met or exceeded
2 analysts' expectations, and the company's stock price rose
3 dramatically.

4 3. For the quarter ending September 30, 2001, Peregrine, for
5 the first time, reported revenues below analysts' expectations and its
6 own previous guidance to investors. When Peregrine reported revenues
7 for the following quarter that fell far short of analysts'
8 expectations, the stock dropped dramatically.

9 4. Thereafter, Peregrine revealed it had improperly recognized
10 revenue during the preceding nine quarters, and had participated in
11 various other accounting irregularities for the purpose of portraying
12 the company as being far healthier than it actually was.

13 5. Among other accounting irregularities was the manipulation
14 of the "DSO", which stands for "Days Sales Outstanding". This is a
15 numerical calculation that, in essence, reveals how many days it takes
16 a company to collect its accounts receivable. The larger the number,
17 the more likely analysts will call into question the quality of the
18 receivables, and the related revenue.

19 6. Defendant ILSE CAPPEL began working in Peregrine's
20 accounting department in 1993. After Peregrine went public in 1997,
21 CAPPEL became the Treasury Manager, and was responsible for cash
22 management and forecasting, collection, and accounts receivable, among
23 other things. Although her responsibilities changed somewhat over
24 time, CAPPEL remained responsible for the sale of accounts receivable
25 until she left Peregrine in June, 2002. Her title at the time was
26 Assistant Treasurer.

27 B. The Conspiracy

28 7. Beginning at a date unknown, but no later than June, 1999,

1 and continuing thereafter to in or about June, 2002, within the
2 Southern District of California, and elsewhere, defendant ILSE CAPPEL
3 and others, both known and unknown, did knowingly and intentionally
4 combine, conspire, confederate and agree together to commit an offense
5 against the United States; to wit, to violate 18 U.S.C. § 1344 (Bank
6 Fraud).

7 C. Objects of the Conspiracy

8 8. It was a part of the conspiracy that defendant ILSE CAPPEL
9 and others would and did knowingly, and with intent to defraud, carry
10 out a scheme and plan to defraud, and to obtain money and property
11 from a federally insured bank by making false statements and promises,
12 knowing that the statements and promises were false and material;

13 9. It was a further part of the conspiracy that defendant ILSE
14 CAPPEL and others would and did manipulate Peregrine's DSO by selling
15 to federally insured banks accounts receivable that were not valid,
16 not enforceable and not based on completed transactions, thereby
17 misrepresenting the true financial health of the company.

18 10. It was a further part of the conspiracy that defendant ILSE
19 CAPPEL and others would and did fabricate invoices and present them
20 to federally insured banks as if they were valid, enforceable accounts
21 receivable, when in actual fact, they were not.

22 D. Overt Act

23 11. In furtherance of the conspiracy and to effect the objects
24 of the conspiracy, the following overt acts, among others, were
25 committed in the Southern District of California;

26 a. In or about June 1999, defendant ILSE CAPPEL and others
27 fabricated Peregrine invoices that were sold to Wells
28 Fargo HSBC Trade Bank, N.A., as valid accounts

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receivable.

b. On or about June 29, 2001, defendant ILSE CAPPEL and others fabricated a Peregrine invoice to KPMG Consulting LLC, in the amount of \$19,580,596.00 that was sold to Wells Fargo HSBC Trade Bank, N.A. as a valid account receivable.

All in violation of Title 18, United States Code, Section 371.

DATE: November ____, 2002

CAROL C. LAM
United States Attorney

GEORGE D. HARDY
Assistant U.S. Attorney